

# Iowa Medicaid Enterprise "Endeavors Update"



*A Communications Effort to Strengthen Partnerships*

**Terry E. Branstad, Governor**  
**Kim Reynolds, Lt. Governor**

*Iowa Department of Human Services*  
*Charles M. Palmer, Director*  
*Jennifer Vermeer, Medicaid Director*

## Special points of interest:

- Governor's Budget for Medicaid
- Links to Budget Documents
- Links to Presentations

## Inside this issue:

Links to Budget Materials	2
Medicaid Management Strategies	3
Cost Containment Recs	3

## Iowa Medicaid Director's Column

Welcome to this "Early Edition" of the IME Newsletter for February 2011. Due to the large amount of materials that are now available regarding the Medicaid budget and increased opportunities to make presentations before the Iowa Legislature we thought it appropriate to update you now with current materials. We will stay on our late February publication schedule for the regular edition of the Newsletter. Later this month you will learn more about the Correct Coding Initiative and the Intellectual Disability Waiver. For now, we hope you find these current budget materials helpful in understanding the complexity of crafting a budget that serves Medicaid recipients and health care providers with available resources. Thank you for your interest.



## Governor's Budget Reflects Goal to End One-Time Money: Learn More about Changes to Medicaid

On January 27th Governor Branstad presented his FY 12 & FY 13 Budget proposals to the Legislature and the people of Iowa. One of the clear messages in the speech and supporting budget documents was that Governor Branstad is determined to fund ongoing state government services with

ongoing revenues, not one-time revenues. This is important to the Medicaid budget because the SFY 11 Medicaid budget included a significant amount of one-time funding. According to DHS Director Chuck Palmer, "There are important positives for the DHS" in Branstad's budget. About \$500

million of the \$700 million in additional general fund revenue in the budget proposal is dedicated to replacing one-time funding throughout the DHS budget. Palmer further explained that "the governor has recognized the importance of preserving services and staff at the mental health institutes

## Governor's Budget (continued)

*"Medicaid is a large, complex funding source for health care, serving thousands of Iowa children and families.... Like general health care costs, higher future costs of the program may not be sustainable. Good management and effective cost containment strategies are critical for program sustainability."*

Source: Budget in Brief  
Page 37

and at our juvenile facility at Toledo as decisions on how to continue services on an ongoing basis are made." The Governor's budget recommendations also includes \$1.7 million to begin the replacement of the 30-year-

old Medicaid Management Information System (MMIS). The current aging system is expensive to maintain and not nimble enough to adjust to future needs. The budget process at the Capitol will unfold throughout the next

couple of months. In the meantime, you can learn more by reading the budget documents posted on the Iowa Department of Management website.

[http://www.dom.state.ia.us/state/budget\\_recommendations/index.html](http://www.dom.state.ia.us/state/budget_recommendations/index.html)

## Medicaid Director Speaks at the Capitol: Access Materials to Learn More

During the first weeks of the 2011 Legislative Session Iowa Medicaid Director Jennifer Vermeer testified before Health and Human Services Budget Subcommittee on a wide variety of subjects including an overview of

Medicaid, Federal Health Care Reform and its implications on Iowa Medicaid, an update on the Remedial Services transition, an update on the Medicaid transportation service broker, and an explanation of the Medicaid

Management Information System. The Legislative Service Agency staff maintains an archive of meeting agendas and supporting documents at the link below.

<http://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=84&CID=37>

## Federal Health Care Reform Update: Plan and Prepare

On January 27th Medicaid Director Vermeer gave a presentation to the Health and Human Services Appropriations Subcommittee entitled "Federal Health Care Reform: Overview of Impacts on Medicaid". In the presentation she acknowledged the strong public pol-

icy debate and judicial activity surrounding the federal law. She shared with the Subcommittee the Department's obligation to plan and be prepared for implementation. All states (including Iowa) except one have received planning grants and are working on

implementation plans. Her presentation acknowledged that the uncertainty around the law does make planning more difficult and therefore plans have to be flexible. Link to the presentation below.

[http://www.legis.iowa.gov/DOCS/LSA/SC\\_MaterialsDist/2011/SDJRB007.PDF](http://www.legis.iowa.gov/DOCS/LSA/SC_MaterialsDist/2011/SDJRB007.PDF)

## Understanding Medicaid Management Strategies

On January 20th Medicaid Director Vermeer outlined with policymakers the fundamental building blocks of Medicaid management strategies: access, quality, affordability and appropriateness. Access strategies have included implementation of a statewide management of travel to medical services, streamlining of eligibility application and renewal processes and coverage expansions in recent years. Quality strategies have included chronic care management programs includ-

ing health coaching and care management, implementation of the medical home model in the IowaCare program and work towards voluntary public reporting of quality measures. Affordability strategies are meant to ensure that services remain affordable and sustainable and have included adoption of data analytical tools for discovery of fraud, waste and abuse, targeted and expanded review of payments to providers, review of provider reimbursement rates and aggressive manage-

ment of prescription drug costs through the Preferred Drug List and by joining a multi-state pool. Appropriateness strategies ensure that reimbursement is provided only for medically necessary and appropriate services. This has included implementation of prior authorization procedures for commonly overutilized services and through initiatives to improve claims payment accuracy. See the box below for specific savings figures for a sampling of recent strategies.

*“Medicaid management strategies seek to match the right services to the right person at the right time.”*

*Jennifer Vermeer  
Medicaid Director*

### Estimated Savings Through Strategies

Chronic Care Management	\$ 8.7 Million
Data Analytics to Fight Fraud	\$20.0 Million
Manage Prescription Drugs	\$39.0 Million
Prior Authorization of Procedures	\$ 3.8 Million
HCBS Prior Authorizations	\$15.1 Million
Claims Accuracy Improved	\$10.0 Million

## Medicaid Cost Containment Options Toolbox

The State Fiscal Year 2012 budget estimates a projected need for an additional \$571 million in state general funds for Medicaid. In order to make Iowa Medicaid sustainable the Governor has recommended a list of cost containment recommendations for FY 2012 and FY 2013. The list contains recommendations such as revenue enhancements, increased program integrity and recovery, increased use of managed care, prescription drug efficiencies, reduction in inappropriate use of emergency rooms, service

limitations in optional services and increased claims payment accuracy, among others. Medicaid Director Vermeer has spoken before the Health and Human Services Budget Subcommittee to explain that, due to “maintenance of effort” requirements in the Affordable Care Act, some tools are no longer in the cost containment toolbox. These items include lowering eligibility levels, increasing premiums or enrollment fees and imposing more restrictive eligibility procedures. The options to contain costs that remain in

the toolbox include changing the amount, duration or scope of some services, changing co-pays, more aggressive utilization management, reducing optional services and changing provider reimbursement rates. According to Vermeer, the Governor’s budget cost containment recommendations do not include across the board service or coverage cuts, provider rate reductions or reductions in eligibility, which shows a commitment to maintaining the program.

*“We will continue to serve the needs of our members and health care providers while we consider additional Medicaid savings opportunities such as implementation of medical home model, payment reform strategies, aggressive management of prescription drugs, shifting services from institutions to community-based services when appropriate and greater use of managed care for mental health services.”*

*Jennifer Vermeer  
Medicaid Director*

[http://www.legis.iowa.gov/DOCS/LSA/SC\\_MaterialsDist/2011/SDJRB009.PDF](http://www.legis.iowa.gov/DOCS/LSA/SC_MaterialsDist/2011/SDJRB009.PDF)



***Iowa Medicaid programs serve Iowa's most vulnerable population, including children, the disabled and the elderly.***

We're on the web!

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*The Iowa Medicaid Enterprise (IME) is an endeavor, started in 2005, to unite State staff with "best of breed" contractors into a performance-based model for administration of the Medicaid program.*

*The Medicaid program is funded by State and Federal governments with a total budget of approximately \$4.2 billion. The \$4.2 billion funds payments for medical claims to over 38,000 health care providers statewide.*

*Iowa Medicaid is the second largest health care payer in Iowa. The program is expected to serve over 656,000 Iowans, or 21% of the population in State Fiscal Year 2012.*

*This update is provided in the spirit of information and education.*

*The Department shall not be liable for any damages that may result from errors or omissions in information distributed in this update.*

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